

HIGHER EDUCATION LOAN AUTHORITY ACT (EXCERPT)
Act 222 of 1975

390.1155 Bonds; purposes; general obligation of authority; determination; resolution; requirements; issuance subject to agency financing reporting act; interest rate exchange or agreement; establishment of reserve fund.

Sec. 5.

(1) The authority may issue bonds in the principal amounts necessary to provide money for achieving its purposes under this act, including, but not limited to, the payment of interest on bonds of the authority, the establishment of reserves, including 1 or more reserve funds described in subsection (6), to secure the bonds, and the payment of other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. The authority may issue refunding bonds when it considers refunding expedient, whether the bonds to be refunded have or have not matured. The authority shall apply the proceeds of the refunding bonds to the purchase, redemption, or payment of the bonds refunded. Except as otherwise expressly provided in a resolution authorizing bonds, an issue of bonds is a general obligation of the authority to be satisfied out of revenues or money or other property of the authority, subject to an agreement with the holders of particular receipts, revenues, or other property of the authority that has been pledged or mortgaged.

(2) Bonds issued by the authority under this section are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) The authority shall authorize bonds under this section by resolution. The bonds shall bear interest at a rate or rates, which are fixed for the term of the bonds or which are calculated upon a formula to vary; be in the denominations; be in a form approved by the authority; carry registration privileges; be executed in a manner; be payable in a medium of payment; and at a place or places; be subject to terms of redemption; and be subject to any other terms and conditions as the resolution or resolutions may provide. The bonds authorized under this section may be sold by the authority at public or private sale at a price determined by the authority. If the bonds are:

(a) Serial bonds or term bonds, or both, the bonds shall bear a date, and, if serial bonds, shall be payable either semiannually or annually, and shall mature at a time or times, not exceeding 40 years after the date of issue, as provided in the resolution or resolutions.

(b) Term loans, commercial paper, or other evidences of indebtedness, the bonds shall bear a date or dates, and shall mature at a time or times not exceeding 30 years after the date of issue, as provided in the resolution or resolutions.

(4) The issuance of bonds and notes under this section is subject to the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177.

(5) For the purpose of more effectively managing its debt service, the authority may enter into an interest rate exchange or swap, hedge, or similar agreement with respect to its bonds or notes, on the terms and payable from the sources and with the security, if any, established by a resolution of the authority.

(6) The authority, with the approval of the state treasurer, may establish 1 or more special funds as reserve funds. All of the following apply to a reserve fund established under this section:

(a) The authority shall pay into a reserve fund money appropriated to that reserve fund; proceeds of the sale of bonds to the extent provided in the resolution or resolutions of the authority authorizing the issuance of the bonds; and any other money received by or available to the authority for the purpose of the reserve fund from any other source, including, but not limited to, a transfer of all or any portion of the authority's unencumbered net assets to the reserve fund.

(b) The authority shall establish by resolution a minimum balance for a reserve fund. Except as otherwise provided by resolution of the authority, the authority shall not withdraw money from a reserve fund if that withdrawal would reduce the balance of the reserve fund to an amount less than the minimum balance established under this subdivision for the reserve fund, except for payment of any debt service on the bonds secured by the reserve fund when due if the authority does not have other money available to make that payment.

(c) Money in a reserve fund shall be used only to provide security for bonds issued by the authority, including the pledge of all or any portion of the reserve fund to secure all or any portion of the bonds of the authority.

(d) If at any time a reserve fund is exhausted, on or before September 1 the chairperson of the authority shall certify to the governor and the state budget director the amount, if any, necessary to restore the balance of the reserve fund to an amount equal to the minimum balance required under subdivision (b) for that reserve fund, and the governor and the state budget director shall include an appropriation to the authority for that reserve fund, in the amount certified by the chairperson, in the annual budget submitted to the legislature for the next state fiscal year.

History: 1975, Act 222, Eff. Oct. 1, 1975 ;-- Am. 1976, Act 163, Imd. Eff. June 21, 1976 ;-- Am. 1977, Act 50, Imd. Eff. July 5, 1977 ;--

Am. 1978, Act 253, Imd. Eff. June 20, 1978 ;-- Am. 1983, Act 122, Imd. Eff. July 18, 1983 ;-- Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984 ;--
Am. 2002, Act 547, Imd. Eff. July 26, 2002 ;-- Am. 2008, Act 269, Imd. Eff. Sept. 10, 2008